



# STUDY ON NIKE MARKETING, INNOVATION AND DESIGN

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## **Abstract:**

In-depth analysis of Nike's rise to the top of its industry and how other businesses have attempted to imitate its formula for success are provided in this essay. The company's distinctive marketing approach and culture, which greatly promotes innovation and creativity, are at the core of Nike's business plan. I'll start by giving a quick overview of the business and its most well-known brand. Then, a thorough study of these two crucial success factors will be given. The following section of the essay will concentrate on how other businesses in the same industry and other industries have applied comparable techniques in an effort to increase their own earnings and goods.

**KEYWORDS:** Nike marketing Strategies , expansion, innovation and design, research, goals and objective, analysis

## **INTRODUCTION:**

Nike's marketing approach was largely based on a positive brand perception that has grown over time into a significant international company. The strong

relationship between the Nike emblem, which is fairly recognisable, and the catchphrase "Just Do It," which has been used in commercials for quite some time, has helped to maintain the brand image. The business is recognised for spending a lot on advertising and brand promotion.

## **History of Nike: Nike marketing strategies**

Currently, Nike is the biggest marketer and reseller of athletic footwear, clothing, and accessories worldwide. A track and field athlete from the University of Oregon named Phillip Knight and his coach, Bill Bowerman, launched the business in 1964. Formerly known as Blue Ribbon Sports, the business made money as a distributor for the Japanese shoemaker Onitsuka Tiger while also creating its own line of track shoes (Referenceforbusiness.com, 2014). In order to develop the designs of the Blue Ribbon Sports prototype shoes, Bowerman collaborated with runners who had long experimented with modified running shoes for his squad. The concept of innovation in shoe design would eventually become the cornerstone for the business's future growth and success. The partnership between Blue Ribbon Sports and Onitsuka Tiger had all but ended by 1970. Phillip Knight severed ties with the Japanese firm because he believed it was limiting Blue Ribbon Sport's capacity to expand and thrive financially in the US. A year later, the business chose to change its name to "Nike" and introduced its first range of exclusive shoes. Greek mythology provided the inspiration for the name Nike, which is also the name of the goddess of triumph. The famous "swoosh" trademark was developed by Caroline Davidson in 1971 for a charge of \$35. For the 1972 U.S. Track and Field Olympic Trials the next year, Nike actively promoted its products with the help of its brand-new swoosh trademark (Referenceforbusiness.com, 2014).

Nike's success has been largely attributed to the notion of creating marketing campaigns that focused on associating Nike's name with the rising careers of young, well-known athletes (Flynn, 2014). In its first year of distribution, the new Nike brand brought in roughly two million dollars in income, which was a fantastic beginning. The company's sales revenue more than quadrupled in two years, and it was able to secure the endorsement of its first well-known athletes, tennis players Jimmy Connors and Ilie Nastase.

## **BACKGROUND:**

Expanding its exposure, brand recognition, and appeal was something Nike was beginning to achieve. Due to its brilliant marketing and expansion techniques, the company truly began to prosper. It even entered into international markets in Asia and South Korea, and by 1978, the corporation's sales had reached twenty-eight million. In 1980, Nike had already raised \$269 million in sales and offered more

than three million common shares to the public (Referenceforbusiness.com, 2014). Over sixty Olympians were chosen by Nike to represent them in 1984, and they went on to win a total of 65 medals. Since this was the first time Nike had been recognised on a global scale, international sales soared, causing total income to exceed \$918.4 million. The following year, Nike made the best choice in the short history of the business when it signed an endorsement agreement with Michael Jeffrey Jordan, who would go on to become probably the greatest basketball player of all time. Jordan was Nike's largest asset (Referenceforbusiness.com, 2014). The company's prosperity was propelled by this for many years to come. Nike was the first corporation in the world to earn more than \$3 billion in sales by 1991. Early on, Nike came to the conclusion that supporting the participating athletes and teams was more crucial than supporting the competition itself. Nike continued this momentum after its early success with athletes, particularly with Michael Jordan, to sign the best athletes in the world across many different sports. Due to its continuous dominance in the sports apparel market, the company today has the biggest market share of any business. Nike expects to generate around \$30 billion in revenue in 2015, with an anticipated 25% return on its initial investment (Nike.com, 2014). The company's emphasis or objective is to have the most inventive and well-known brand on the market, and what better way to do this than by making significant investments in R&D and endorsing the most well-known figures in the world? (Flynn, 2014).

## **Air Jordan:**

By agreeing to an endorsement arrangement with Michael Jordan in the middle of the 1980s, Nike made a wise financial move that gave rise to the Air Jordan brand. Michael became one of the best athletes because to his career accomplishments, which included numerous individual and team awards. His brand became the most well-known on the market as a result. Fans would watch him play and aspire to "be like Mike," and they would do practically anything to own merchandise bearing his name. His Jordan brand revolutionised the sneaker market and had the biggest effect. For instance, practically all styles of sneakers were white prior to the introduction of Air Jordan. Because he would don his iconic sneakers in violation of National Basketball Association (NBA) rules during a specific season, Michael was actually punished many times (Danforth, 2014). Because consumers believed that wearing Air Jordan products would somehow make them stronger, quicker, or better jumpers, the company initially marketed itself as a performance brand. Nike was able to advertise to its target market of consumer athletes thanks to this positioning strategy. Nike was able to drastically raise its prices and lower production volumes in the early 2000s as the Jordan market grew even larger. Jordans were consequently classified as a "luxury good." For instance, the \$225 Air Yeezys (Kanye West-

endorsed Jordan sneakers) have a resale value of almost \$1000. (Howenstein, 2014). Due to the Jordan brand's popularity and high resale value, a whole segment of the world's population has been dubbed "sneaker heads," who are notorious for purchasing and collecting these pricey sneakers. These things were bought by customers as a flamboyant declaration of their financial position. When Nike releases its Jordan sneakers, it always makes sure to upgrade or add at least one feature. For instance, the first shoe to feature Nike "Air cushioning" in the heel was the original Jordan 1, and the Jordan 2s introduced full-length Nike "Air cushioning" the following year. Jordan Brand carries on Nike's legacy of producing cutting-edge footwear and clothing "by the athlete for the athlete" (Downs, 2013). Because of the absurdly long lineups and "die-hard" brand loyalty, Nike releases a new sneaker every year, and the release is frequently highlighted on various news programming platforms (Sneakernews.com, 2013). Two other Nike sneaker lines, the Air Forces and the Air Flights, were eventually introduced as a result of the popularity and design of Air Jordan. As a result of the Jordan brand, Nike was able to stand out from the rest of its rivals in the 1980s and has continued to have the largest share of the sports footwear and apparel market. This brand "continues to drive and influence the sports footwear industry into the future" and "embodies all the essential ideals that Nike conveys" (Sneakernews.com, 2013).

## **NIKE's Marketing strategies:**

### **1. Market Segmentation**

The majority of Nike's customers are athletes or people planning to engage in physical exercise of some kind, such as a lengthy walk or a football game. Because of the items' utility, this is the situation. By entering into sponsorship deals with athletic teams and then promoting their products to the athletes on these teams, Nike aims to reach these consumers. By doing this, Nike can connect with a large audience of customers as well as customers who are more inclined to make a purchase. Nike pays close attention to targeting the athlete more than any other group of people since they see them as the trendsetters, even though other people are likely to purchase the products.

### **2. Pricing Strategies**

Since these consumers appreciate product intimacy and don't worry as much about the goods, Nike is already known to target them. Because of this, Nike is able to charge somewhat more than its rivals. To increase the perceived worth of the

product, this method advocates for higher pricing points. It is well known that customers who believe a product to be of good quality are more inclined to consistently and frequently pay a higher price. Consumers who become intimate with a product begin to link it with themselves and will pay whatever price is listed as long as the product bears the Nike emblem. The fact that Nike employs the vertical integration pricing strategy, whereby they assume ownership of the participants at various channel levels and engage in a variety of channel-level operations in an effort to control costs and thereby influence pricing function, is another very significant point to be made.

### **3. Promotional and Communication Strategies**

In addition to offering high-quality items that must result in a high level of consumer loyalty, Nike also uses excellent advertising tactics. A number of professional and famous athletes that Nike has worked with have been able to generate a lot of interest in their merchandise. Football (or soccer) legends Ronaldinho, Ronaldo, and Roberto Carlos are just a few of the athletes Nike has signed. Other athletes include basketball players Jermaine O'Neal and Lebron James<sup>2</sup>, triathlete Gerri Armstrong, and golfing legend Tiger Woods. This has increased consumer awareness of Nike products to a fair extent. Nike has used a lot of mass media advertisements in addition to signing famous athletes to sell their products. Nike has a selective-demand marketing strategy that concentrates on the expensive shoes worn for traditional sports. Nike has held onto its position as the leader in the manufacture and distribution of sporting goods. Nonetheless, it should be highlighted that Nike cannot "sleep at the top" due to competitive pressure. It will be extremely difficult to develop new marketing strategies in the wake of the recent Reebok-Adidas merger. In a scenario where marketing management is proficient, the following suggestions are offered. These include:

- A rise in market share achieved by the creation of new products, smart pricing tactics, marketing, and other effective promotional techniques.
- Reorganize market dominance by pushing out rivals, mostly through aggressive marketing tactics combined with price functions that will make the market very undesirable for rivals.
  - Greater social responsibility to improve the company's reputation.
  - Diversity of the market by include Asians and Black Americans in product promotions and conducting research to determine these groups' preferences.
  - Explore new distribution avenues, especially in global markets

- A different pricing strategy to tap on untapped market opportunities.

#### **4. Target Market:**

Athletes are primarily the target market for Nike, particularly those who are devoted to fitness and sports. The business markets its products to customers who wish to achieve to their highest potential thanks to the development of a brand image that is linked with athletics. Casual shoppers that appreciate comfort, style, and fashion are now part of Nike's target demographic.

#### **5. Product Innovation and Design:**

Nike's success has been largely attributed to the inventiveness and design of their products. To manufacture products that specifically satisfy the needs of athletes, the company makes significant investments in research and development. In order to appeal to a wider clientele than only athletes, Nike has also strived to produce products that are chic and attractive. The business has produced a number of legendary items, like the Air Jordan, Air Max, and Flyknit, which are now commonplace in the sports shoe sector.

#### **6. Ambassadors and Sponsorships:**

By collaborating with renowned athletes and sports organisations all over the world, Nike has developed a strong brand. High-profile athletes have frequently signed endorsement contracts with the business, including Michael Jordan, LeBron James, and Cristiano Ronaldo. The US national basketball team and the Manchester United football club are only two of the sporting organisations that Nike supports. These collaborations aid Nike in expanding its market reach and enhancing its reputation as a company that embodies excellence and athleticism.

#### **7. Emotional Branding:**

With the development of marketing initiatives that speak to the ideals and goals of its target audience, Nike has developed an emotional bond with its customers. One of the most famous marketing catchphrases in history is attributed to the company's

"Just Do It" campaign, which was introduced in 1988. Inspiring people to act and go after their aspirations, the campaign embodies the willpower, grit, and tenacity associated with the Nike brand.

## **8. Digital Marketing and Social Media:**

In order to communicate with its customers and reach a larger audience, Nike has embraced social media and digital marketing. The business has established a significant online presence, with a website that offers comprehensive product information and enables online product purchases. Additionally, Nike has active social media pages on sites like Facebook, Twitter, and Instagram where it posts content about its merchandise, partnerships, and advertising campaigns.

## **Research Methodology:**

The research we conducted for this research paper is a descriptive study. As a result, I employed secondary sources of information for my research, including books, online journals, periodicals, and various publications. Also, we applied several statistical and fundamental mathematical procedures for data tabulation.

## **CONS OF NIKE'S CORE MARKETING STRATEGY:**

Although Nike's marketing methods have had a lot of beneficial effects on the business, they will also have negative effects. The assignment's negative effects will be highlighted by the large costs incurred, the spokesperson's influence, and rivals.

### **1. Costly**

Nike had to spend a lot on making and promoting its items because it had employed numerous marketing methods. Handling inventories, designing, promoting, and production all have rising expenses. 2009's Abhiroopsur Inflation had also increased the price of transportation and raw supplies. Nike has raised the prices of its goods while cutting back on marketing expenditures in an effort to address these issues. As a result, this might hinder Nike's long-term growth. Lautelli (2011) Nike allegedly used child labour in Cambodia to lower labour and production expenses, according to Boggan (2001). This had a negative impact on its brand image and may have caused many consumers to cease supporting Nike and buying its products.

### **2. Influences of spokesperson**

Using a team of athletes to advertise their products is one of Nike's main marketing methods. Nike wants to use well-known sportsmen as their brand ambassadors, such as LeBron James, Michael Jordan, and runner Steve Prefontaine. Athletes had both a beneficial and a bad impact on customers'

shifting preferences, tastes, and priorities, as well as their purchasing behaviour. Nike's chosen spokespersons' behaviour and attitude may have an impact on its marketing tactics.

For instance, if Nike uses a well-known athlete as an ambassador, it will entice the player's idolater to buy the merchandise. Conversely, if the player was discovered to be a drug addict or to have any other immoral behaviour, it would discourage buyers from purchasing Nike goods.

### 3. Intense Competitors

Nike deals with a lot of competition. Adidas, Reebok, Puma, and other brands are their rivals, and since Adidas arrived, the competition has gotten more intense. Moreover, Nike and Adidas have slightly different product lines. Adidas specialises in shoes for men, women, and children between the ages of 10 and 30, while Nike focuses mostly on shoes for men and women between the ages of 15 and 35. This demonstrated that Nike's marketing strategy is less diverse. To draw more parents as potential clients, they may also provide children's footwear. Also, Adidas's main office is in Germany, but it focuses on the European market, in contrast to Nike, whose distribution strategy is primarily focused on the native market, which is the United States of America.

Nike should therefore expand the geographic scope of where its products are sold in order to reach a wider audience and build a stronger brand. In 2000, Allick et al.

### Goals and Objectives - Nike Marketing Strategy

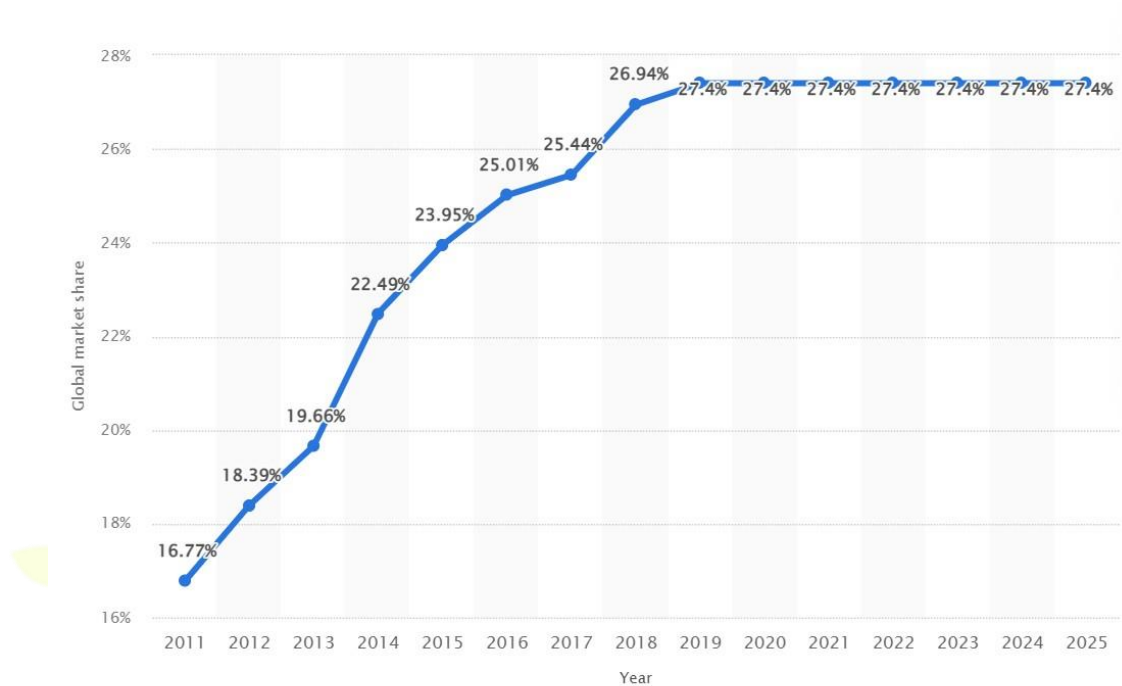
#### The main priorities and objectives of Nike marketing strategy:

- It involves fostering inclusion, equity, and diversity.
- Approaches and innovations that reduce environmental impact and produce sustainable materials.
- To promote the development of an accountable and transparent supply chain.
- To strengthen communities by contributing to businesses that support initiatives for equality, education, and economic empowerment.
- Promotes intergenerational harmony via athletics and promotes an active lifestyle to help young people attain their full potential.



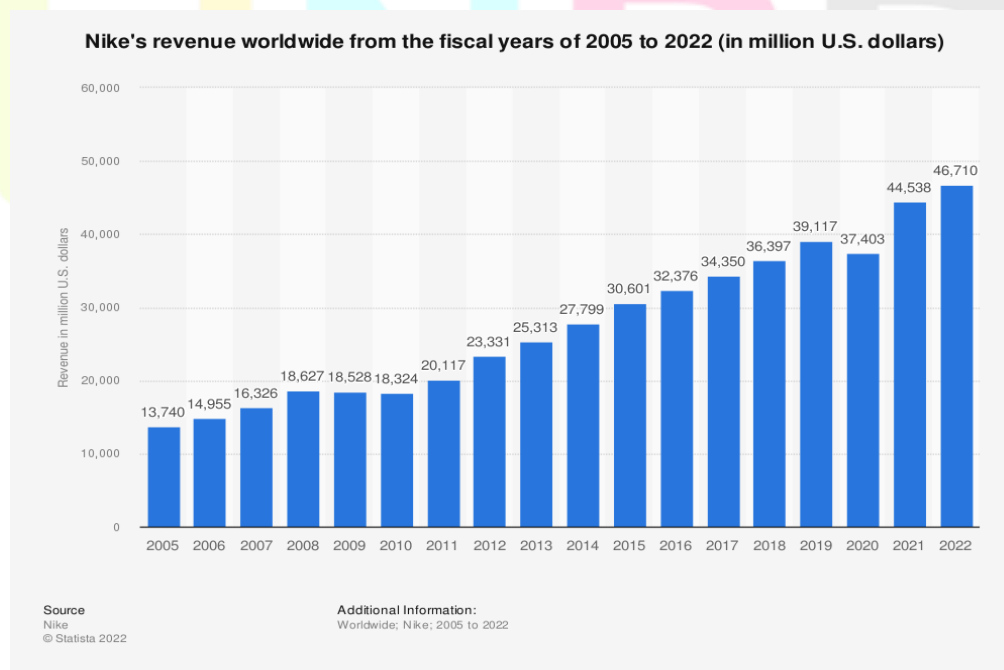
## Analysis:

### A. Forecast of Nike's global market share in athletic footwear from 2011 to 2025

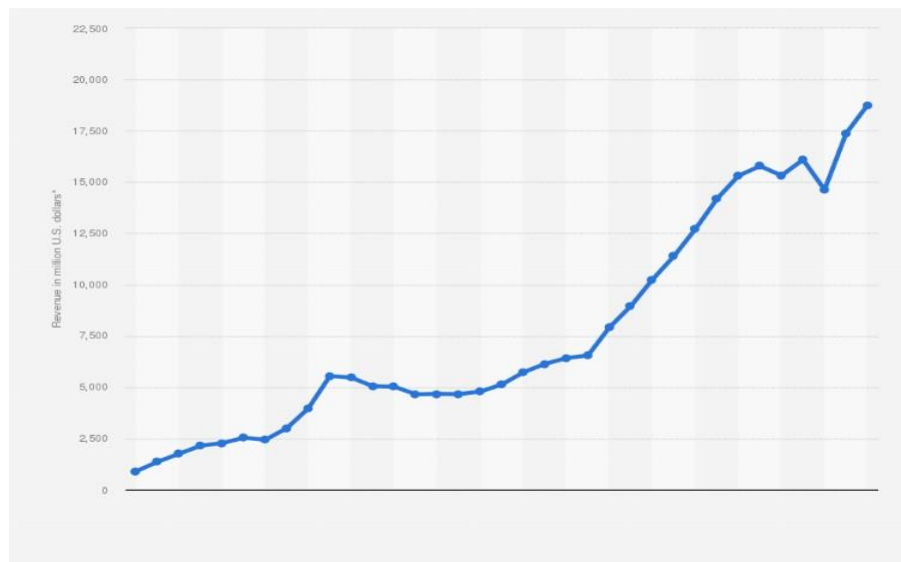


Details: Worldwide; Trefis.com; 2011 to 2019

### B. Nike's revenue worldwide from 2005 to 2022



### C. Nike's Sales growth for its full fiscal year 2021-22



## SUGGESTIONS:

The following recommendations are suggested in a situation where marketing management is competent:

- Nike should expand its market share through the release of new products, aggressive pricing strategies, and advertising and promotional campaigns.
- Nike should also restructure its market dominance by setting itself apart from rivals, primarily through aggressive pricing and mass promotion strategies that make Nike more alluring to consumers.
- In addition, Nike needs to raise its awareness of corporate social responsibility to improve its reputation.
- Also, Nike should pay close attention to their R&D division as they investigate all types of people with various tastes in order to achieve their market diversification objectives.
- People with various tastes in order to achieve the market diversification objectives.

## Conclusion:

Because of this, the history of Nike's marketing strategy shows that in order to successfully launch a product, it is essential in the first place to comprehend what consumers require. After their needs are identified, a marketing strategy may be developed using their products to offer every conceivable remedy. For instance, Nike tried to assist people do this by selling shoes even though they knew that what people needed was a new technique to keep fit rather than shoes. Also, Nike's marketing methods emphasise the importance of adding value to every consumer communication a business engages in, particularly online: if you're not resolving issues or giving accurate information, your firm won't benefit. If your goal is to make viewers' daily lives better, then your strategy is invariably flawed. At least on the surface, marketing isn't just about selling your product: Bill Bowerman didn't build

an empire by selling shoes, but by teaching consumers the art of running, and those customers responded by buying countless quantities of Nike Moon Shoes and Air Max.

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